



# House of Representatives

## File No. 741

General Assembly

February Session, 2016

**(Reprint of File No. 235)**

House Bill No. 5378  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
April 27, 2016

### **AN ACT CONCERNING THE STANDARD RATE OF WAGES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-57f of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2016*):

3 (a) As used in this section: (1) "Required employer" means any  
4 provider of food, building, property or equipment services or  
5 maintenance listed in this subdivision whose rate of reimbursement or  
6 compensation is determined by contract or agreement with (A) the  
7 state or any state agent, [(A)] or (B) the Connecticut Airport  
8 Authority: (i) Building, property or equipment service companies; [(B)]  
9 (ii) management companies providing property management services;  
10 and [(C)] (iii) companies providing food preparation or service, or  
11 both; (2) "state agent" means any state official, state employee or other  
12 person authorized to enter into a contract or agreement on behalf of  
13 the state; (3) "person" means one or more individuals, partnerships,  
14 associations, corporations, business trusts, legal representatives or  
15 organized groups of persons; (4) "building, property or equipment

16 service" means any janitorial, cleaning, maintenance, security or  
17 related service; (5) "prevailing rate of wages" means the hourly wages  
18 paid for work performed within the city of Hartford under the  
19 collective bargaining agreement covering the largest number of hourly  
20 nonsupervisory employees employed within Hartford County in each  
21 classification established by the Labor Commissioner under subsection  
22 (e) of this section, provided the collective bargaining agreement covers  
23 no less than five hundred employees in the classification; (6)  
24 "prevailing rate of benefits" means the total cost to the employer on an  
25 hourly basis for work performed within the city of Hartford, under a  
26 collective bargaining agreement that establishes the prevailing rate of  
27 wages, of providing health, welfare and retirement benefits, including,  
28 but not limited to, (A) medical, surgical or hospital care benefits; (B)  
29 disability or death benefits; (C) benefits in the event of unemployment;  
30 (D) pension benefits; (E) vacation, holiday and personal leave; (F)  
31 training benefits; and (G) legal service benefits, and may include  
32 payment made directly to employees, payments to purchase insurance  
33 and the amount of payment or contributions paid or payable by the  
34 employer on behalf of each employee to any employee benefit fund; (7)  
35 "employee benefit fund" means any trust fund established by one or  
36 more employers and one or more labor organizations or one or more  
37 other third parties not affiliated with such employers to provide,  
38 whether through the purchase of insurance or annuity contracts or  
39 otherwise, benefits under an employee health, welfare or retirement  
40 plan, but does not include any such fund where the trustee or trustees  
41 are subject to supervision by the Banking Commissioner of this state or  
42 of any other state, or the Comptroller of the Currency of the United  
43 States or the Board of Governors of the Federal Reserve System; and  
44 (8) "benefits under an employee health, welfare or retirement plan"  
45 means one or more benefits or services under any plan established or  
46 maintained for employees or their families or dependents, or for both,  
47 including, but not limited to, medical, surgical or hospital care  
48 benefits, benefits in the event of sickness, accident, disability or death,  
49 benefits in the event of unemployment, retirement benefits, vacation  
50 and paid holiday benefits, legal service benefits or training benefits.

51 (b) On and after July 1, 2000, the wages paid on an hourly basis to  
52 any employee of a required employer in the provision of food,  
53 building, property or equipment services provided to the state  
54 pursuant to a contract or agreement with the state or any state agent or  
55 the Connecticut Airport Authority, shall be at a rate not less than the  
56 standard rate determined by the Labor Commissioner pursuant to  
57 subsection (g) of this section.

58 (c) Any required employer or agent of such employer that violates  
59 subsection (b) of this section shall pay a civil penalty in an amount not  
60 less than two thousand five hundred dollars but not more than five  
61 thousand dollars for each offense. The contracting department of the  
62 state that has imposed such civil penalty on the required employer or  
63 agent of such employer shall, within two days after taking such action,  
64 notify the Labor Commissioner, in writing, of the name of the  
65 employer or agent involved, the violations involved and steps taken to  
66 collect the fine.

67 (d) The Labor Commissioner may make complaint to the proper  
68 prosecuting authorities for the violation of any provision of subsection  
69 (b) of this section.

70 (e) For the purpose of predetermining the standard rate of covered  
71 wages on an hourly basis, the Labor Commissioner shall establish  
72 classifications for all hourly nonsupervisory employees based on the  
73 applicable occupation codes and titles set forth in the federal Register  
74 of Wage Determinations under the Service Contract Act of 1965, 41  
75 USC 351, et seq., provided the Labor Commissioner shall classify any  
76 individual employed on or before July 1, 2009, as a grounds  
77 maintenance laborer or laborer as a janitor, and shall classify any  
78 individual hired after July 1, 2009, performing the duty of grounds  
79 maintenance laborer, laborer or janitor as a light cleaner, heavy  
80 cleaner, furniture handler or window cleaner, as appropriate, and shall  
81 classify any individual employed on and after July 1, 2016, as a  
82 housekeeping aide as a light cleaner. The Labor Commissioner shall  
83 then determine the standard rate of wages for each classification of

84 hourly nonsupervisory employees which shall be (1) the prevailing  
85 rate of wages paid to employees in each classification, or if there is no  
86 such prevailing rate of wages, the minimum hourly wages set forth in  
87 the federal Register of Wage Determinations under the Service  
88 Contract Act, plus (2) the prevailing rate of benefits paid to employees  
89 in each classification, or if there is no such prevailing rate of benefits, a  
90 thirty per cent surcharge on the amount determined in subdivision (1)  
91 of this subsection to cover the cost of any health, welfare and  
92 retirement benefits or, if no such benefits are provided to the  
93 employees, an amount equal to thirty per cent of the amount  
94 determined in subdivision (1) of this section, which shall be paid  
95 directly to the employees. The standard rate of wages for any  
96 employee entitled to receive such rate on or before July 1, 2009, shall  
97 not be less than the minimum hourly wage for the classification set  
98 forth in the federal Register of Wage Determinations under the Service  
99 Contract Act plus the prevailing rate of benefits for such classification  
100 for as long as that employee continues to work for a required  
101 employer.

102 (f) Required employers with employees covered by collective  
103 bargaining agreements which call for wages and benefits that are  
104 reasonably related to the standard rate of wages shall not be  
105 economically disadvantaged in the bidding process, provided the  
106 collective bargaining agreement was arrived at through arms-length  
107 negotiations.

108 (g) (1) The Labor Commissioner shall, in accordance with subsection  
109 (e) of this section, determine the standard rate of wages for each  
110 classification on an hourly basis where any covered services are to be  
111 provided, and the state agent empowered to let such contract shall  
112 contact the Labor Commissioner at least ten days prior to the date such  
113 contract will be advertised for bid, to ascertain the standard rate of  
114 wages and benefits and shall include the required number of hours  
115 necessary for the performance of such contract and the standard rate of  
116 wages and benefits on an hourly basis for all classifications of  
117 employment in the proposal for the contract and shall include a

118 worksheet, in a form prescribed by the commissioner, listing the cost  
119 details of such required number of hours. The standard rate of wages  
120 [on an hourly basis] and benefits shall, at all times, be considered the  
121 minimum rate for the classification for which it was established.

122 (2) Each required employer shall indicate in a proposal for a  
123 contract or agreement with the state or any state agent or the  
124 Connecticut Airport Authority for the provision of food, building,  
125 property or equipment service whether the employees providing such  
126 food, building, property or equipment service are covered by collective  
127 bargaining agreements and, if so, such required employer shall  
128 provide a copy of such collective bargaining agreements to the state or  
129 state agent or the Connecticut Airport Authority.

130 (h) Where a required employer is awarded a contract to perform  
131 services that are substantially the same as services that have been  
132 rendered under a predecessor contract, such required employer shall  
133 retain, for a period of ninety days, all employees who had been  
134 employed by the predecessor to perform services under such  
135 predecessor contract, except that the successor contract need not retain  
136 employees who worked less than fifteen hours per week or who had  
137 been employed at the site for less than sixty days. During such ninety-  
138 day period, the successor contract shall not discharge without just  
139 cause an employee retained pursuant to this subsection. If the  
140 performance of an employee retained pursuant to this subsection or  
141 section 4a-82 is satisfactory during the ninety-day period, the successor  
142 contractor shall offer the employee continued employment for the  
143 duration of the successor contract under the terms and conditions  
144 established by the successor contractor, or as required by law. The  
145 provisions of this subsection shall not apply to any contract covered by  
146 section 31-57g or subsections (n) and (o) of section 4a-82.

147 (i) Each required employer subject to the provisions of this section  
148 shall (1) keep, maintain and preserve such records relating to the  
149 wages and hours worked by each employee and a schedule of the  
150 occupation or work classification at which each person is employed

151 during each work day and week in such manner and form as the Labor  
152 Commissioner establishes to assure the proper payments due to such  
153 employees, and (2) [annually] monthly or upon written request,  
154 submit to the contracting state agent or the Connecticut Airport  
155 Authority by mail, electronically or in such other manner as prescribed  
156 by such state agent or the Connecticut Airport Authority, a certified  
157 payroll [which] that shall consist of a complete copy of such records  
158 accompanied by a statement signed by the employer which indicates  
159 that (A) such records are correct, (B) the rate of wages paid to each  
160 employee is not less than the standard rate of wages required by this  
161 section, (C) such employer has complied with the provisions of this  
162 section, and (D) such employer is aware that filing a certified payroll  
163 which it knows to be false is a class D felony for which such employer  
164 may be fined not more than five thousand dollars or imprisoned not  
165 more than five years, or both. Notwithstanding the provisions of  
166 section 1-210, the certified payroll shall be considered a public record  
167 and every person shall have the right to inspect and copy such record  
168 in accordance with the provisions of section 1-212. The provisions of  
169 subsections (a) and (b) of section 31-59, section 31-66 and section 31-69  
170 which are not inconsistent with the provisions of this section shall  
171 apply. Any person who files a false certified payroll in violation of  
172 subdivision (2) of this subsection shall be guilty of a class D felony for  
173 which such person may be fined not more than five thousand dollars  
174 or imprisoned not more than five years, or both.

175 (j) This section shall not apply to contracts, agreements or grants  
176 which do not exceed forty-nine thousand nine hundred ninety-nine  
177 dollars per annum.

178 (k) On receipt of a complaint for nonpayment of the standard rate of  
179 wages, the Labor Commissioner, the Director of Wage and Workplace  
180 Standards and wage enforcement agents of the Labor Department shall  
181 have power to enter, during usual business hours, the place of  
182 business or employment of any employer to determine compliance  
183 with this section, and for such purpose may examine payroll and other  
184 records and interview employees, call hearings, administer oaths, take

185 testimony under oath and take depositions in the manner provided by  
186 sections 52-148a to 52-148e, inclusive. The commissioner or the  
187 director, for such purpose, may issue subpoenas for the attendance of  
188 witnesses and the production of books and records. Any required  
189 employer, an officer or agent of such employer, or the officer or agent  
190 of any corporation, firm or partnership who wilfully fails to furnish  
191 time and wage records as required by law to the commissioner, the  
192 director or any wage enforcement agent upon request or who refuses  
193 to admit the commissioner, the director or such agent to a place of  
194 employment or who hinders or delays the commissioner, the director  
195 or such agent in the performance of any duties in the enforcement of  
196 this section shall be fined not less than twenty-five dollars nor more  
197 than one hundred dollars, and each day of such failure to furnish time  
198 and wage records to the commissioner, the director or such agent shall  
199 constitute a separate offense, and each day of refusal of admittance, of  
200 hindering or of delaying the commissioner, the director or such agent  
201 shall constitute a separate offense.

202 (l) Notwithstanding subsection (j) of this section, any employer that  
203 pays the state or the Connecticut Airport Authority for a franchise to  
204 provide food preparation or service, or both, for the state or the  
205 Connecticut Airport Authority shall be required to certify that the  
206 wages and benefits paid to its employees are not less than the standard  
207 rate established pursuant to this section, provided, if no prevailing rate  
208 of wages or benefits was in effect at the time the state or the  
209 Connecticut Airport Authority entered into a franchise agreement,  
210 then the employer shall not be required to pay the prevailing rate of  
211 wages or benefits during the life of the agreement, unless the  
212 agreement is amended, extended or renewed.

213 (m) The Labor Commissioner may adopt regulations, in accordance  
214 with chapter 54, to carry out the provisions of this section.

215 (n) The provisions of this section and any regulation adopted  
216 pursuant to subsection (m) of this section shall not apply to any  
217 contract or agreement entered into before July 1, 2000.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2016</i>	31-57f
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
CAA	Bradley Enterprise Fund - Cost	See Below	See Below

Note: TF=Transportation Fund

#### ***Municipal Impact:*** None

#### ***Explanation***

The bill extends the standard wage law to apply to the Connecticut Airport Authority (CAA) which results in costs to the CAA by requiring that certain contracted workers be paid at the standard wage rate for their position.

The cost to the CAA would vary by job title and by service provider. For example, in the case of food services, food service contractors may increase the price of meals, thus allowing the increase in revenue to offset the increase in personnel costs. Other types of work, such as building maintenance services, may not have associated revenue to offset personnel costs, thus requiring the CAA to cover the entirety of the cost increase.

House "A" struck the underlying bill and its associated fiscal impact. The substitute language results in the fiscal impact described above.

#### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****HB 5378 (as amended by House "A")\******AN ACT CONCERNING THE STANDARD RATE OF WAGES.*****SUMMARY:**

This bill extends the standard wage law to apply to (1) the Connecticut Airport Authority and (2) employees who are security guards. Under current law, the standard wage governs wages and benefits for employees of private contractors who do building and property maintenance, property management, and food service work in state buildings.

The bill also makes changes to the standard wage process that (1) agents of the state must follow to let a contract and (2) employers must follow when bidding on or administering a contract.

\*House Amendment "A" strikes the provisions that (1) apply the standard wage law to all quasi-public agencies and (2) require the labor commissioner to annually calculate increases in the standard wage rate based on increases in the consumer price index; it also adds the airport authority provision.

EFFECTIVE DATE: October 1, 2016

**EXTENDING THE STANDARD WAGE LAW**

The bill extends the standard wage law to include the Connecticut Airport Authority. This includes a requirement for employers that pay the state or the authority for a franchise that provides food services to certify that their employees are paid at least the standard wage.

The standard wage law currently applies to approximately 50 job classifications, including food service worker, cashier, janitor,

carpenter, window cleaner, and truck driver. While the statute does not specify most job titles, the bill (1) adds employees providing security services and (2) specifies that after July 1, 2016, an employee working as a housekeeping aide must be classified as a light cleaner.

## **PROCESS CHANGES**

By law, a state agent is the state official, state employee, or other person authorized to enter into a contract on the state's behalf. A state agent empowered to let a standard wage contract must follow certain steps, including requesting the current standard wage rates from the labor commissioner, as part of the standard wage contract process. The bill also requires the agent to ask for the standard benefits for the contract and to include in the request for bids (1) the rate of benefits (as well as the already-required rate of wages); (2) the number of work hours necessary to fulfill the contract; and (3) a worksheet, on a form the labor commissioner prescribes, listing the cost details of the required number of hours.

Under the standard wage law, the benefit rate is either the prevailing rate of benefits for a particular job class or, if none exist, an additional 30% of the standard wage amount per hour (e.g., a light cleaner earns \$12.50 an hour plus a benefit rate of \$4.11) (see BACKGROUND).

The bill also imposes additional requirements on employers submitting proposals seeking a standard wage contract, including (1) an indication of whether the employees are covered by a union contract and (2) if so, providing a copy of the contract with the proposal to the state, state agent, or airport authority.

By law, an employer awarded a standard wage contract must maintain records of the wages and hours worked by each employee. The bill requires the employer to submit a certified payroll monthly, rather than annually, to the contracting state agent. It specifies the submission can be by mail, electronically, or by another method permitted by the state agent.

**BACKGROUND*****Determining Standard Wage Rates***

By law, the labor commissioner determines the standard wage for each applicable nonsupervisory job classification based on the federal Register of Wage Determinations under the 1965 Service Contract Act (41 U.S.C. 351, et seq.), provided certain janitorial rates are linked to the rates in Hartford-area private sector collective bargaining agreements.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable

Yea 8      Nay 5      (03/10/2016)